



OFFICE OF THE  
**HEALTH INSURANCE COMMISSIONER**  
STATE OF RHODE ISLAND

April 18, 2007

Mr. Stephen J. Farrell  
President & CEO  
United Healthcare of New England, Inc.  
475 Kilvert Street, Suite 310  
Warwick, RI 02886

Dear Mr. Farrell;

I am in receipt of your letter of March 29, 2007, regarding dividends declared by United Healthcare of New England (UHCNE) for 2005 and 2006 exceeding the permissible ordinary dividend level under Section 27-35-4 of the RI general laws. I apologize for the delay in this response - which was compiled April 3 but due to my oversight apparently has not been conveyed before now.

Illegal withdrawals of extraordinary dividends are a serious concern to this Office. I appreciate your swift response upon being notified by our Office about the issue.

This Office does not dispute the chronology of facts presented in your letter. The implication of Joseph Torti's letter of March 4, 2004 to UHCNE is subject to interpretation, but applied only to the dividend in question in that letter. It should not have been construed as prospective guidance for future ordinary dividends.

Nonetheless, it is apparent that UHCNE's misinterpretation of the statute - which, as you note, calls for an ordinary dividend to be the lower of the prior year's net income or 10% of surplus - appears to be inadvertent. Furthermore, when apprised of the situation, UHCNE voluntarily and speedily addressed the issue, returning the appropriate sum in a manner which creates additional local resources for UHCNE to comply with its statutory obligations.

Due to your pro-active identification of the issue, cooperation with this Office and immediate resolution of the problem no further administrative action will be taken at this time.

Sincerely,

Christopher F. Koller  
Health Insurance Commissioner

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